

Assembly Bill No. 970

CHAPTER 620

An act to add Article 3.7 (commencing with Section 66028) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

[Approved by Governor September 27, 2012. Filed with
Secretary of State September 27, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 970, Fong. University of California and California State University: systemwide student fees.

Existing law, known as the Donahoe Higher Education Act, sets forth the missions and functions of the segments of public postsecondary education in the state. The California State University, which is governed by the Trustees of the California State University (trustees), and the University of California, which is governed by the Regents of the University of California (regents), are 2 of the segments of public postsecondary education. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the regents act by resolution to make them applicable.

Under existing law, the California State University and the University of California are authorized to charge fees to students attending their respective institutions.

This bill would establish the Working Families Student Fee Transparency and Accountability Act as a part of the Donahoe Higher Education Act, and would establish various policies relating to student fees and student financial aid at the University of California and the California State University.

The bill would require the regents and the trustees to comply with prescribed public notice and student consultation procedures prior to adopting an increase in mandatory systemwide fees, and would prohibit them from adopting a mandatory systemwide fee increase before specified dates, except as specified. The bill would require the regents and the trustees, by April 2, 2013, to develop a list of factors that would be required to be taken into consideration when developing recommendations to adjust mandatory systemwide fees.

The bill, commencing with the 2012–13 academic year, would require the trustees and the regents to provide annual reports on expenditures and financial aid to the Legislature, and would require the Legislative Analyst's Office to annually review and report to the Legislature its findings, conclusions, or recommendations regarding the implementation of policies implemented pursuant to the bill.

Because the provisions of the bill would be added to the Donahoe Higher Education Act, they would apply to the University of California only to the extent that the regents act by resolution to make them applicable.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The California 1960 Master Plan for Higher Education declared that a tuition-free higher education is in the best interest of the state and should be continued for all California residents.

(b) The state has long recognized the value of providing broad access to postsecondary education to the state's diverse residents and has demonstrated that commitment by investing in postsecondary education. This act seeks to continue the state's historic commitment to ensuring affordability and access and maintaining quality through the state's public universities, while recognizing the fiscal challenges that confront both the state and postsecondary education.

(c) Despite large increases in the number of high school graduates, state General Fund spending on postsecondary education has declined notably. In 2010–11, the state spent \$1.6 billion less on postsecondary education than it did 10 years earlier. According to the 2012 Public Policy Institute of California report, "Defunding Higher Education," the University of California and the California State University have responded to funding cuts by reducing course offerings and limiting enrollment, as well as increasing tuition and fees.

(d) The state's working families who have children attending the state's public colleges and universities have endured significant increases in mandatory systemwide student fees. While financial aid has alleviated some of the impact from this increase in fees, the increased cost of a college education remains of concern for working families.

(e) A report by the California Postsecondary Education Commission, published in 2011 and entitled "College Costs and Family Income: The Affordability Issue at the UC and the CSU," detailed that rising costs are making an education at California's public universities more of a financial strain for many Californians as their incomes have not kept pace with these increasing costs.

(f) Between 1990 and 2009, costs for a University of California student living on campus rose by 70 percent. Costs for a California State University student living with his or her family rose by over 80 percent. In this period, median family income in California grew by only 16 percent. With rising costs, and flat or falling incomes, the cost of supporting a student is taking an increasing percentage of the incomes of these families.

(g) In 2009, the total cost of attendance for a student living on campus at the University of California was \$27,100, an increase of 18 percent from three years earlier. Costs at the California State University increased by 23 percent, to \$20,100, during that period.

(h) Even with grants and fee waivers, the net cost of a year of attendance at a University of California or a California State University campus is one-third of annual income for a lower income family. Net costs for middle-income families are about one-quarter of annual income. As a result, students may have to work additional hours or increase their debt burden to meet college expenses.

(i) Increased costs can hinder a student's progress toward a degree, forcing students to cut their class load to work more hours, leave for semesters at a time, or drop out of school entirely.

(j) According to the "Student Expenses and Resources Survey" conducted by the Student Aid Commission during the 2006–07 academic year, approximately 74 percent of all undergraduate students in the California State University system worked for pay for an average of 24 hours per week. Fifty-one percent of these students reported working over 20 hours per week on average. In the University of California system, approximately 54 percent of all undergraduate students worked for pay for an average of 17 hours per week, and 23 percent of these students reported working over 20 hours per week on average.

(k) The Institute for College Access and Success, in its report "Student Debt and the Class of 2009," showed that average debt accumulation for California students at public universities has risen by 18 percent since 2005. In California, the average student debt for students who completed a bachelor's degree was \$17,326, and national data show that some of the lowest income students who generally have family incomes under \$50,000 are much more likely to borrow, and borrow more than their higher income peers, impacting job opportunities and choices after graduation.

(l) The Regents of the University of California have raised mandatory systemwide student fees by 68 percent since the 2007–08 academic year, and over 200 percent in the past decade. The Trustees of the California State University have raised mandatory systemwide student fees by 76 percent since the 2007–08 academic year, and over 242 percent in the past decade.

(m) The state does not have a proper accounting of the total costs of educating students at either the University of California or the California State University, or the actual uses of student fee revenues, and it is critical for the state's public colleges and universities to demonstrate transparency and accountability to the general public.

(n) The state, in partnership with the state's colleges and universities, is committed to ensuring that all financially needy students have the financial assistance necessary for them to enroll in institutions of higher education and complete their postsecondary education objectives.

(o) The principles expressed in this act seek to continue the state's historic commitment to ensuring access to the state's public universities for all Californians by ensuring sufficient notification to the general public, students, and the state's working families of any increases in student fees, proper consultation with students, and accountability and transparency with respect to student fee revenue.

(p) Changes in resident student fees or in student financial aid funding or packaging policies should take into consideration the total cost to the student of attending the university, including mandatory campus-based student fees, housing and living expenses, as well as all other expenses associated with university attendance.

(q) Any increases in mandatory systemwide fees should be accompanied by appropriate increases in funding for need-based student financial aid.

SEC. 2. Article 3.7 (commencing with Section 66028) is added to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, to read:

Article 3.7. Working Families Student Fee Transparency and
Accountability Act

66028. This article shall be known, and may be cited, as the Working Families Student Fee Transparency and Accountability Act.

66028.1. For purposes of this article, the following terms have the following meanings:

(a) “Consultation” or “consult” means a meeting between representatives from the University of California or the California State University and their respective statewide student association representatives in which the representatives from the institutions provide, at minimum, all the following information at least five days before the meeting:

(1) A justification for a fee increase proposal, setting forth the facts supporting the fee increase.

(2) A statement specifying the purposes for which revenue derived from a fee increase will be used.

(3) A description of the efforts to mitigate the impact of the fee increase on needy students.

(4) The potential impact to students, including, but not limited to, the changes to the minimum workload burden for all students, if applicable, institutional financial aid awards, and the average student loan debt for undergraduates.

(5) Alternative proposals that can be considered in lieu of the proposed net student fee revenue proposal.

(b) “Cost of attendance” means the mandatory systemwide fees, books and supplies, room and board, transportation, and miscellaneous personal expenses for an undergraduate California resident student, as used in determining financial aid eligibility.

(c) “Mandatory systemwide fees” means the fees that resident students enrolled in the California State University or the University of California, as applicable, are required to pay in order to enroll in courses for the academic term pursuant to any law or any policy adopted by the trustees or the regents, as applicable.

(d) “Regents” means the Regents of the University of California.

(e) “Resident” means a student who is exempt from paying nonresident tuition pursuant to Chapter 1 (commencing with Section 68000) of Part 41.

(f) “Trustees” means the Trustees of the California State University.

66028.2. The following state policies apply to student financial aid for resident students, and mandatory systemwide fees charged at the University of California and the California State University:

(a) As any changes in mandatory systemwide fees and financial aid resources are considered, the impact on students should be explained to students, including, but not limited to, changes to the minimum work or loan burden for all students, if applicable, institutional financial aid awards, and the average student loan debt for undergraduate students.

(b) Students should be consulted before increases on mandatory systemwide fees are proposed, so that students can provide input and ask questions regarding the need for any increases in mandatory systemwide fees.

(c) Adequate advance notice should be provided to students regarding any future mandatory systemwide fees, thereby allowing the students and their families greater time to prepare for the mandatory systemwide fees to be assessed.

(d) In order to ensure that access is not precluded for any eligible student, and particularly for financially needy students, all current and prospective students should be provided with timely information concerning student financial aid, including the processes associated with applying for and obtaining student financial assistance.

(e) In order for the general public to maintain confidence in the state’s public colleges and universities, every effort should be made to ensure increased transparency in the uses of mandatory systemwide fee revenue and the rationale for implementing mandatory systemwide fee increases.

66028.3. (a) Ten days prior to holding a meeting to discuss or adopt an increase in mandatory systemwide fees, the University of California and the California State University shall provide public notice of the proposed mandatory systemwide fee increase as a discussion item in the public agenda for a meeting of the respective governing board. The public notice shall allow for comments to be received, both verbally and in writing, at the meeting and during the 45-day period required pursuant to subdivision (c). The public notice of the proposed mandatory systemwide fee increase shall, at a minimum, include all of the following:

(1) A justification for the fee increase proposal, setting forth the facts supporting the fee increase.

(2) A statement specifying the purposes for which revenue derived from a fee increase will be used.

(3) A description of the efforts to mitigate the impact of the fee increase on needy students.

(4) The potential impact to students, including, but not limited to, the changes to the minimum workload burden for all students, if applicable, institutional financial aid awards, and the average student loan debt for undergraduates.

(5) Alternative proposals that can be considered in lieu of the proposed net student fee revenue proposal.

(b) The University of California and the California State University shall consult with their respective statewide student associations at least 30 days prior to providing public notice of the proposed mandatory systemwide fee increase. The range of potential mandatory systemwide fees under consideration for the next fiscal year shall be discussed with appropriate student representatives at the time of consultation before public notice of the mandatory systemwide fee increase proposal.

(c) The regents and the trustees shall not act to adopt a mandatory systemwide fee increase until at least 45 days after a public meeting is held to discuss the fee. The regents and the trustees shall provide a summary of the comments received pursuant to subdivision (a) in the public notice provided before the meeting to adopt a mandatory systemwide fee increase.

(d) The regents and the trustees shall not adopt an increase in mandatory systemwide fees after the 90th day prior to the commencement of classes for the academic year. This prohibition shall not apply to an increase in mandatory systemwide fees for a summer session.

(e) (1) In cases where the Governor's proposed budget reduces General Fund appropriations from the prior annual Budget Act for the support of the operations of University of California or California State University, the Legislature enacts or authorizes reduced General Fund appropriations from the prior annual Budget Act for the support of the operations of University of California or California State University, the Legislature enacts a budget reduction for the General Fund support of the operation of the University of California or California State University in the middle of a fiscal year, or the Governor implements a budget reduction for the General Fund support of the operation of the University of California or California State University in the middle of a fiscal year, subdivisions (a), (b), (c), and (d) shall not apply.

(2) In the instances described in paragraph (1), the University of California and the California State University shall discuss with their respective statewide student associations proposals for mandatory systemwide fee increases at least seven days before posting notice of action to increase those fees. An increase in the mandatory systemwide fees at the University of California or the California State University shall not become effective until at least 30 days have elapsed after the date on which the fee increase was adopted.

(f) Following the adoption of an increase in mandatory systemwide fees in accordance with this act, the University of California and the California State University shall notify matriculated students of the mandatory systemwide fees to be assessed in the upcoming academic year or the upcoming quarter or semester. In addition, the respective institution shall simultaneously inform students about the availability of student financial aid and the procedures for obtaining that financial aid in order to assist students with meeting the increased costs of attendance.

66028.4. (a) On or before April 2, 2013, the regents and the trustees each shall develop a list of factors that shall be taken into consideration when developing recommendations to adjust mandatory systemwide fees

consistent with the policies set forth in this article. The factors shall include, at a minimum, the level of state support, total cost of attendance, impact on various categories of students, including historically underrepresented students and low- to middle-income students, as well as efforts to mitigate the impacts.

(b) The factors, and any subsequent amendments to those factors, shall be developed in consultation with the appropriate statewide student body associations and shall be formally adopted by the regents or the trustees in an open and public meeting.

(c) Nothing in this section shall be construed to exempt any increase in mandatory systemwide fees from the requirements of Section 66028.4.

66028.5. (a) The regents and the trustees are urged to maintain their commitment to institutional financial aid program funding by ensuring that at least 33 percent of the revenues of an increase to existing mandatory systemwide fees charged to resident students is set aside by the regents or the trustees, as applicable, for institutional student aid to assist students and families in meeting the total cost of education.

(b) The regents and trustees shall report their compliance with this section in their respective annual reports on institutional financial aid pursuant to Section 66021.1.

66028.6. (a) Notwithstanding Section 10231.5 of the Government Code, commencing with the 2012–13 academic year, the regents and the trustees shall annually provide the Legislature, by February 1 of each year, with detailed information regarding expenditures of revenues derived from student fees and uses of institutional financial aid, and shall provide information regarding the systemwide average total cost of attendance per student. For purposes of meeting the requirements of this section, the regents and the trustees may include this information in their respective annual report on institutional financial aid pursuant to Section 66021.1.

(b) Notwithstanding Section 10231.5 of the Government Code, commencing with the 2012–13 academic year, the Legislative Analyst's Office shall annually review, by March 1 of each year, institutional compliance with the policies set forth in this article, and report, in writing, to the Legislature its findings, conclusions, or recommendations regarding the implementation of these policies. This report shall include an assessment of the information provided by the regents and the trustees pursuant to subdivision (a).

(c) A report submitted pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.